



June 25, 2012

**Via Electronic Filing**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**Re: Notice of *Ex Parte* Presentation In the Matter of Connect America Fund WC Docket No. 10-90; A National Broadband Plan for Our Future GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers WC Docket No. 07-135; High-Cost Universal Service Support WC Docket No. 05-337; Developing an Unified Intercarrier Compensation Regime CC Docket No. 01-92; Federal-State Joint Board on Universal Service CC Docket No. 96-45; Lifeline and Link-Up WC Docket No. 03-109; Universal Service Reform – Mobility Fund WT Docket No. 10-208**

Dear Ms. Dortch:

On June 20, 2012, I met with with Christine Kurth, Legal Advisor to Commissioner McDowell. The purpose of our meeting was to discuss the concerns MTA and other rural carriers with both the Commission's Order in the above-referenced proceedings issued on November 18, 2011, and with the Staff's adoption of a regression analysis applicable to rural rate of return carriers in an April 25, 2012 Order issued on delegated authority (DA 12-646).

The regression analysis adopted by the staff reduces support to MTA even though the analysis demonstrates that MTA's overall costs per customer are under the total costs predicted by the regression analysis. By significantly reducing revenues associated with the operations of small rural incumbent landline providers and their affiliated rural competitive local exchange carriers and rural wireless service providers, the Order and implementation of the regression analysis threaten the ability of MTA and other rural carriers to maintain and expand the excellent level of services provided to their consumers.

The April 25 Staff Order adopting a regression analysis has exacerbated the concerns of rural rate of return carriers and significantly harms MTA and the consumers it serves by reducing the support we relied upon in making the network investment decisions we have undertaken to serve our community. In addition, and as a result of this Order issued on delegated authority, no rural rate of return carrier is able to develop meaningful budgets for 2014 and beyond. There is no reasonable opportunity to determine or predict a carrier's universal service support level and whether the support will be sufficient. I explained how the adoption of the regression analysis has created greater uncertainty notwithstanding the contrary intent of the Commission and Staff.

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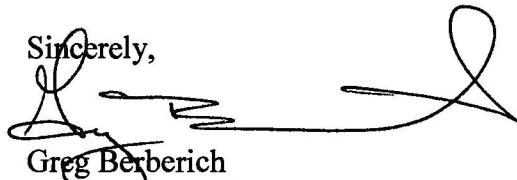
The focus of our discussion was the severe and inequitable financial punishment to MTA and other rural carriers resulting from the application of new FCC rules to limit the cost recovery of existing expenses incurred in accordance with previously established Commission policies. I explained how the Order is contrary to the Commission's objectives and results in a disincentive to the expansion of broadband services, economic development and job creation in rural areas. MTA and other rural companies are responding to both the known and predicted impacts of the new rules by reducing or freezing further infrastructure investment. In addition, and as a result of the new rules, MTA and other rural companies are planning cuts in jobs – cuts both in planned job creation and cuts in existing jobs.

I also discussed my concern that the implementation of the November 18 Order, as most recently reflected by the adoption of the regression analysis, will arbitrarily disallow the recovery of existing lawful investments and expenses. In order to address this issue, I urged that the Commission take two immediate actions:

- 1) Stay the implementation of the regression analysis adopted by the Commission staff; and
- 2) Issue a clarification stating that the Commission will not reduce universal service support and revenues to the wireline or wireless operations of any rural carrier where the support or revenues are required for the small business carrier to recover existing, lawful investments and expenses that were incurred consistent with, and made in reliance on, the Commission's rules and policies existing prior to the issuance of the Order.

I am filing this letter electronically with your office for inclusion in the record of each of the above-referenced proceedings pursuant to the Commission's Rules. If you have any questions, please do not hesitate to contact me at 907-761-2410.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Berberich', with a large loop at the end.

Greg Berberich  
Chief Executive Officer  
Matanuska Telephone Association, Inc.

cc: Christine Kurth